

**MINUTES OF THE  
STATE TRANSPORTATION BOARD MEETING  
9:00 a.m., Friday, July 15, 2005  
Town of Payson Council Chambers  
303 North Beeline Highway  
Payson, Arizona 85541**

The State Transportation Board met in official session for a regular meeting at 9:00 a.m., Friday, July 15, 2005, with Chairman Gant presiding. Other Board members present included: Vice Chairman Dick Hileman, Delbert Householder, Joe Lane, Jim Martin and Si Schorr. Also present were David Jankofsky, Deputy Director; Arnold Burnham, Jim Dickey, Doug Forstie and John McGee, Chief Financial Officer, Administrative Services Division. Director Victor Mendez; Sam Maroufkhani, State Engineer; Barclay Dick, Division Director, Aeronautics Division and Dale Buskirk, Director, Planning Division were absent. There were approximately 60 people in the audience.

**OPENING REMARKS AND PLEDGE**

Chairman Gant led the audience in the Pledge of Allegiance and thanked the Town of Payson for their excellent hospitality. Dignitaries in the audience were introduced. Payson's Vice Mayor extended an official welcome.

**AWARD**

A 25 Year Service Award was presented to Rick Powers by Chairman Gant, Deputy Director David Jankofsky and Doug Forstie.

**CALL TO AUDIENCE**

Ken Driggs, Arizona Transit System, expressed appreciation for working with the ADOT Board and looks forward to continued cooperation with the Regional Public Transportation Authority.

Ingo Radicke, former ADOT board member and citizen, discussed interested in completing the final phase toward Superior two miles north of US 60. He would like to see the project in the 2011 plan at \$9 or \$10 million. There is good progress on Highway 260. Payson citizens are interested in widening the road on 87 from Payson toward Pine and Strawberry. He encouraged board members to vote for Item 25 on the agenda, the final phase on 188.

Steve Sanders, public works, expressed appreciation for the work on US 60 and said that the last section of 188 will provide a great corridor between Payson and Globe. Two ongoing projects between ADOT and Gila County in the Prescott district include a turn lane on Highway 87 and one on 260. Widening and passing lanes on Highway 87 are important. A Globe area enhancement project is upcoming.

**CONSENT AGENDA**

Mr. Gant removed Item 25 from the Consent Agenda.

## **Director's Report**

David Jankofsky reported the completion of the auditor general's five year audit of the Maricopa County Regional Freeway System. The auditor general required the performance audit of the system. The 2005 report was quite favorable. ADOT's performance suggests the accelerated program on schedule. The available funding appears sufficient for the construction needs and the management procedures are sound and functioning well. Recommendations will be implemented consistent with internal practices.

## **Legislative Report**

Kevin Biesty stated that there is not much discussion at the state level. Meetings are being held with legislators regarding next year's priorities. Discussions surround increasing highway funding. Internally, assistant directors are working on the legislative packet for next year and bill summaries are being finalized. On the federal level, the eighth extension of T21 is set to expire July 19. There is sure to be a ninth extension. There is strong belief that it will wrap up on August 1. It appears there will be \$286.5 billion.

## **Financial Report**

John McGee provided summary reports on revenue collections for Highway User Revenues and Maricopa Transportation Excise Tax Revenues, comparing fiscal year results to last year's actuals and forecasts, and report on interest earnings, HELP Fund status, and other financial information relative to the Board and Department. Final HURF revenue numbers for the year were reported. June 2005 HURF revenue collections totaled \$120.7 million, the highest single month HURF ever had, an increase of 22.3 percent above June 2004 and 16.6 percent over the estimate. The reason for the high level is last May we were under the level due to the timing level due to fees. For the year, collections totaled \$1,245.5 million, an increase of 5.6 percent over FY 2004 and 1.4 percent above the estimate. Every category did very well except Vehicle License Tax. Although the Vehicle License Tax revenue category ended the year 1.8 percent below the estimate, by adding back the amount paid to the state general fund for the MVD registration enforcement program, the collections would have been 0.4 percent above the estimate. The May 2005 RARF collections totaled \$27.5 million, an increase of 13.5 percent above May 2004 and 6.5 percent over the estimate. Year-to-date RARF revenues through May 2005 totaled \$288.7 million, an increase of 9.3 percent above last year and 2.7 percent over the estimate. All categories are doing well, the housing marketing in particular. The Investment Report during the month of May 2005 indicates earnings of \$2.317 million on investments for an average of 2.72 percent yield. Year-to-date earnings stand at \$17.993 million, reflecting an average yield of 2.25 percent. Those collections are double those of last year. The HELP fund ending balance for June 2005 is \$94,961,334, down about \$8.8 million over the prior month primarily due to a \$10 million loan draw on the \$80 million MAG acceleration loan.

## **Financing Program**

John McGee provided an update on financing issues affecting the Board and the Department, including HURF and RARF Bonding, GAN issuances and Board Funding Obligations. He referenced a FAX that was sent to Board members that indicated a successful pricing of the Board's 2005A HURF Refunding Bonds. The pricing will save the Department approximately \$6.2 million in debt service

over the next sixteen years. Financial Advisor Kurt Freund explained more about the successful sale for the Board. A summary of the sale was provided in a booklet. The Bonds were sold on June 23, 2005. The final size was \$147.4 million. They were rated AAA by Standard & Poor's and Aa1 by Moody's. The maturity dates are July 1, 2011 – 2022. The refunding savings were reviewed. Over the length of the Bond issue, the total future value savings were approximately \$8.3 million. At a present value or current dollar basis, the savings were \$6.3 million. Savings as a percentage of Refunded Bonds is 4.2 percent. The marketing team's senior manager was Citigroup, co-managers were Bear, Stearns & Co. Inc. and J.P. Morgan and the Selling Group members were outlined in the booklet. The original pricing and final pricing and transactions were outlined in the booklet as well as other measurements such as previous Bond transactions and pricing comparisons. The distribution of Bonds was explained based on type of investor. Market conditions, final debt service structure and rating reports also were included in the Highway Revenue Refunding Bonds Series 2005A Final Pricing Review booklet.

## **Resolution**

Mike Klein presented a Resolution to the Board regarding the Mohave County Airport Authority loan amendment. A loan was issued several years ago as an instrument to purchase a fixed based operation by the Authority. That loan, 1997, 1996 when it was issued, had been compensated and came to fruition via Authority operated the FBO. At that time, the Authority was transitioning physically from an older airport location to a new airport location. They bought up the business of the FBO at that time and operated it. That we move the encumbrances on the property so that ownership vested solely in the Airport Authority and had no lease interest space in that. So the transition to the new airport occurred they began to develop a different program. At that time, this loan had already been borrowed and paid and had been progressing through payments. They came to us with a first amendment to change the reserve account. That was approved and there was a second amendment to restructure the payments. That was their first restructuring payments request a few years ago. This third amendment is another restructuring of the payments. Fundamentally, the projections the Authority had given for revenue pledges to repay the loan did not come as predicted and that is why they had to restructure the payments. And that is why this third one is before you. The committee, Mr. McGee and I work on, along with a member of the Department of Commerce, went through this with quite a bit of discussion, because this is the third amendment, significant restructuring of the payments and the resolution that is before you contains several conditions that we felt important that while Mohave County Airport Authority truly recognize what needs to be done to not come back for a fourth amendment. We don't feel that that will be in the best interest of the loan fund or in the interest of Mohave County. The resolution goes through some requirements and obligations that they repay. It gives them a three year deferral, the accrued interest during that three year period is accounted for accrued and repaid in the new payment system after the three year period. The statement is not made emphatically that accrued interest is included in the payments but the payments in the resolution will be payments do incorporate the accrued interest rates during the three year period. They are required to conduct another business plan. We had a business plan required in the first one and we think it needs some work because their predictions did not come through and that is why they are here for another restructuring. We want to have approval of that business plan and we want to have some conditions that it actually and formally looks into passenger facility charges. This is a federally approved process that allows the airport sponsor to charge passengers through the airlines anywhere between as low as \$2 a head to as high as \$4.50 a head. That is a revenue stream that they can use to retire these kinds of debts. The requirements in the resolution clearly state that if payments are not being made ADOT aeronautics can

require coordination and meetings to resolve the situation and in fact require further involvement by the Mohave County Board of Supervisors. If the predictions that they come up with are very good, there are conditions in the resolutions that will provide for additional payments if they meet revenue goals of over \$400,000 in any one year. We have both sides of that spectrum. If they do good, they will pay more. If they do less, we have language in here that basically says we probably have to begin looking at passenger facility charge seriously or even a less desirable option of involving the County Board of Supervisors. Those are the points of what we are trying to accomplish with the agreement. The committee has recommended under these conditions that amendment number three be approved. The attorney from the Attorney General's office is here if there are questions as well as the Executive Director of the Mohave County Airport Authority. It was made clear, they have not defaulted, they have asked for deferrals. As originally structured, it was a twelve year loan from 1996. There were amendments along the line. Now this is a further request for amendments. Their timing of development did not materialize. What did materialize is the development did occur. There are properties being built and leasing properties are generating revenues. The timing of the cash flow for those revenues is much slower than anticipated. They have shown us that Home Depot has been built and is paying lease. There are two or three others in construction and paying their lease now. They are also in development contract negotiations that are virtually complete for other leases that will generate revenues as they have projected. They have been required by the loan committee to revise their projections during this discussion of this recent request because we felt they were even then too optimistic. Reviewing with their developer people and their staff, we feel that they have now provided an attainable revenue cash flow that can meet these projections. Resolution item number 8 and 9 were discussed and explained this would be in default. A clarification was asked for in item number 2 regarding interest accrued. There will be an actual amendment to the loan that will be made that will be more specific to what this is that will include interest language.

**Board Action:** A motion to pass with the recommended changes to item #1 of the Resolution was made by Mr. Hileman, seconded by Mr. Martin and passed. Mr. Schorr abstained from this Item.

\* **MINUTES – APPROVAL**

Board Meeting Minutes – May 20, 2005  
 Special Board Meeting Minutes – June 7, 2005  
 Study Session Minutes \_\_ June 7, 2005

\* **2005 BOARD MEETING DATES AND LOCATIONS**

<b>July 15, 2005</b>	<b>Board Meeting – Payson</b>	<b>9:00 a.m.</b>
<b>August 19, 2005</b>	<b>Board Meeting – Winslow</b>	<b>9:00 a.m.</b>
<b>September 23, 2005</b>	<b>Board Meeting – Lake Havasu</b>	<b>9:00 a.m.</b>
<b>October 21, 2005</b>	<b>Board Meeting – Gilbert</b>	<b>9:00 a.m.</b>
<b>November 18, 2005</b>	<b>Board Meeting – Wickenburg</b>	<b>9:00 a.m.</b>
<b>December 16, 2005</b>	<b>Board Meeting – Tucson</b>	<b>9:00 a.m.</b>

**2005 STUDY SESSION DATES**

<b>August 2, 2005</b>	<b>Study Session – Phx</b>	<b>1:00 p.m.</b>
<b>September 8, 2005</b>	<b>Study Session – Phx</b>	<b>1:00 p.m.</b>

October 4, 2005	Study Session – Phx	1:00 p.m.
November 1, 2005	Study Session – Phx.	1:00 p.m.
December 6, 2005	Study Session – Phx	1:00 p.m.

**PRIORITY PLANNING ADVISORY COMMITTEE (PPAC) – Arnold Burnham**

**FY 2006 - 2010 Transportation Facilities Construction Program Requested Modifications**

**FY 2005 Project Reprogramming**

Arnold Burnham discussed reprogramming seven projects from FY 05 to FY 06 and referenced a listing on page 42. It was suggested to table this Item until the next Transportation Board meeting until it can be properly on the agenda and appropriate action can be taken.

**Board Action:** A motion to table this Item until the next Board meeting was made by Mr. Schorr, seconded by Mr. Martin and passed unanimously.

ROUTE NO:	SR 80 @ MP 293.50	Page 14
COUNTY:	Cochise	
SCHEDULE:	FY 2006	
SECTION:	Benson South - Apache Powder Road	
TYPE OF WORK:	Pavement preservation	
PROGRAM AMOUNT:	\$ 3,527,000	
PROJECT MANAGER:	Akram Friekh	
PROJECT:	H636001C Item # 19606	
REQUESTED ACTION:	Increase program amount by \$950,000 to \$4,477,000 due to increases in cost of materials and labor. <b>See multiple funding sources below.</b>	
PROGRAM AMOUNT:		\$3,527,000
INCREASE AMOUNT:		\$950,000
	FY 2006 Pavement Preservation Fund #72506	\$700,000
	FY 2006 Title II Safety Fund #72806	\$250,000
NEW PROGRAM AMOUNT:		\$4,477,000

**Board Action:** A motion to approve the above recommendation was made by Mr. Martin, seconded by Mr. Schorr and passed unanimously.

ROUTE NO:	I-17 @ MP 224.00	Page 16
COUNTY:	Maricopa	
SCHEDULE:	FY 2006 - New Project Request	
SECTION:	Carefree Highway TI	
TYPE OF WORK:	Construct interim intersection improvements and traffic signals	
PROGRAM AMOUNT:	New Project Request	
PROJECT MANAGER:	Annette Riley	
PROJECT:	H673701C	
REQUESTED	Establish a new interim intersection and traffic	

ACTION: signal project in the amount of \$720,000 in the FY 2006 Highway Construction Program. **See multiple funding sources below.**

FY 2005 Traffic Engineering Fund #71205	\$85,000
FY 2006 Traffic Engineering Fund #71206	\$120,000
FY 2005 District Minor Fund #73305	\$515,000
NEW PROGRAM AMOUNT:	\$720,000

**Board Action:** A motion to approve the above recommendation was made by Mr. Lane, seconded by Mr. Householder and passed unanimously.

ROUTE NO:	SR 85 @ MP 139.01	Page 18
COUNTY:	Maricopa	
SCHEDULE:	FY 2005	
SECTION:	MP 139.01 - MP 147.6	
TYPE OF WORK:	Utility	
PROGRAM AMOUNT:	\$ 599,000	
PROJECT MANAGER:	Evelyn Ma	
PROJECT:	H5955 Item # 15004	
REQUESTED ACTION:	Delete project from the FY 2005 Highway Construction Program. Utility work will be completed with construction project. <b>Funds go to FY 2005 Program Adjustment Fund #72305.</b>	

ROUTE NO:	SR 85 @ MP 139.01	Page 19
COUNTY:	Maricopa	
SCHEDULE:	FY 2006	
SECTION:	MP 139.01 - MP 141.71	
TYPE OF WORK:	Construct roadway	
PROGRAM AMOUNT:	\$ 18,279,000	
PROJECT MANAGER:	Evelyn Ma	
PROJECT:	H595505C Item # 15104	
REQUESTED ACTION:	Increase program amount by \$599,000 to \$18,878,000 due to addition of utility work. <b>Funds available from the FY 2005 Program Adjustment Fund #72305.</b>	

PROGRAM AMOUNT:	\$18,279,000
INCREASE AMOUNT:	\$599,000
NEW PROGRAM AMOUNT:	\$18,878,000

**Board Action:** A motion to approve Items 12 and 13 was made by Mr. Lane, seconded by Mr. Schorr and passed unanimously.

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- Priority Planning Advisory Committee (PPAC) Minutes
  - Meeting of June 1, 2005
- Summary of Changes to the FY 05 – 09 Highway Construction Program
- Highway Program Monitoring Report.

\* Next regular scheduled meetings of the Priority Planning Advisory Committee (PPAC). Times and dates of meetings could vary and will be announced at time of agenda distribution.

- - August 3, 2005 10:00 AM
  - August 31, 2005 10:00 AM
  - October 5, 2005 10:00 AM
  - November 2, 2005 10:00 AM
  - January 3, 2006 10:00 AM
- <http://ADOTPPAC.ORG/>

### **RIGHT OF WAY RESOLUTIONS**

*	RES. NO:	2005-07-A-040
	PROJECT:	I-010-D-802 / 010PM254H624101R (NH-10-4(140) / 010PM253H318701R)
	HIGHWAY:	CASA GRANDE - TUCSON
	SECTION:	Prince Road – Grant Road T.I.'s
	ROUTE NO.:	Interstate Route 10
	ENG. DIST:	Tucson
	COUNTY:	Pima
	RECOMMENDATION:	Establish additional right of way as a state route for improvements to enhance safety for the traveling public
*	RES. NO:	2005-07-A-041
	PROJECT:	U-060-F-800 / 060AP371H639201R
	HIGHWAY:	SHOW LOW-SPRINGERVILLE-EAST
	SECTION:	Wildcat Wash Bridge (Mallory Wash)
	ROUTE NO.:	U.S. Route 60
	ENG. DIST:	Globe
	COUNTY:	Apache
	RECOMMENDATION:	Establish additional right of way as a state route for Bridge Replacement

### **STATE ENGINEER'S REPORT**

Doug Forstie reported on construction and projects completed in June 2005. There are currently 150 projects under construction for a total \$1.1 billion. Five projects were finalized in June for approximately \$4.43 million. He provided a summary of the projects that were bid the last couple of weeks. The report identified the low bidder. The summary was approximately \$13.7 million. The state estimate was approximately \$11.6 million. The average of the six bids was 18 percent over the estimate.

## CONSTRUCTION CONTRACTS

### Interstate Non-Federal Projects

BIDS OPENED: June 17, 2005  
HIGHWAY: CORDES JCT – FLAGSTAFF HWY (I-17)  
SECTION: McGuireville Rest Area  
COUNTY: Yavapai  
ROUTE NO.: I-17  
PROJECT: 017 YV 297 H672601C I-017-B-514  
FUNDING: 100% State  
LOW BIDDER: Tiffany Construction Company  
AMOUNT: \$ 1,123,728.00  
STATE AMOUNT: \$ 653,985.30  
\$ OVER: \$ 469,742.70  
%OVER: 71.8%  
NO. BIDDERS: 3  
RECOMMENDATION: AWARD

**Board Action:** A motion to approve the above recommendation was made by Mr. Hileman, seconded by Mr. Householder and passed unanimously. Mr. Schorr recused himself from this Item.

BIDS OPENED: June 17, 2005  
HIGHWAY: TUCSON – ORACLE JCT – GLOBE HWY (SR 77)  
SECTION: Jct I-10 to Oracle Road  
COUNTY: Pima  
ROUTE NO.: SR 77  
PROJECT: 077 PM 068 H614501C S-077-A-504  
FUNDING: 100% State  
LOW BIDDER: The Ashton Company, Inc. Contractors & Engineers  
AMOUNT: \$ 696,176.00  
STATE AMOUNT: \$ 727,358.95  
\$ UNDER: \$ 31,182.95  
%UNDER: 4.3%  
NO. BIDDERS: 4  
RECOMMENDATION: AWARD

**Board Action:** A motion to approve the above recommendation was made by Mr. Householder, seconded by Mr. Hileman and passed unanimously. Mr. Schorr recused himself from this Item.

BIDS OPENED: June 17, 2005  
HIGHWAY: CLAYPOOL – JAKES CORNER HWY (SR 188)  
SECTION: Dryer Drive – Tonto Creek Trail  
COUNTY: Gila  
ROUTE NO.: SR 188



PROJECT: 188 GI 260 H600201C S-188-A-506  
FUNDING: 100% State  
LOW BIDDER: Combs Construction Company, Inc.  
AMOUNT: \$ 397,837.60  
STATE AMOUNT: \$ 290,623.00  
\$ OVER: \$ 107,214.60  
%OVER: 36.9%  
NO. BIDDERS: 3  
RECOMMENDATION: AWARD

**Board Action:** A motion to approve the above recommendation was made by Mr. Householder, seconded by Mr. Hileman and passed unanimously.

BIDS OPENED: June 17, 2005  
HIGHWAY: CAMERON – BITTER SPRINGS HWY (US 89)  
SECTION: MP 468.40 to MP 470.80  
COUNTY: Coconino  
ROUTE NO.: US 89  
PROJECT: 089 CN 468 H635801C U-089-D-502  
FUNDING: 100% State  
LOW BIDDER: Fisher Sand & Gravel Co., DBA Southwest Asphalt Paving  
AMOUNT: \$ 1,149,823.00  
STATE AMOUNT: \$ 1,005,270.00  
\$ OVER: \$ 144,553.00  
%OVER: 14.4%  
NO. BIDDERS: 3  
RECOMMENDATION: AWARD

**Board Action:** A motion to approve the above recommendation was made by Mr. Schorr, seconded by Mr. Hileman and passed unanimously.

BIDS OPENED: June 17, 2005  
HIGHWAY: KITT PEAK HWY (SR 386)  
SECTION: Jct SR 86 – Kitt Peak Observatory  
COUNTY: Pima  
ROUTE NO.: SR 386  
PROJECT: 386 PM 000 H615401C S-386-A-500  
FUNDING: 100% State  
LOW BIDDER: Southern Arizona Paving & Construction, Co.  
AMOUNT: \$ 568,822.00  
STATE AMOUNT: \$ 407,650.00  
\$ OVER: \$ 161,172.00  
%OVER: 39.5%  
NO. BIDDERS: 1  
RECOMMENDATION: AWARD

**Board Action:** A motion to approve the above recommendation was made by Mr. Schorr, seconded by Mr. Lane and passed unanimously.

BIDS OPENED: June 10, 2005

HIGHWAY: CLAYPOOL – JAKES CORNER HWY (SR 188)  
SECTION: Wheatfields – US 60  
COUNTY: Gila  
ROUTE NO.: SR 188  
PROJECT: 188 GI 214 H615501C STP-188-A(001)B  
FUNDING: 94% Federal 6% State  
LOW BIDDER: FNF Construction, Inc.  
AMOUNT: \$ 9,753,469.85  
STATE AMOUNT: \$ 8,500,437.45  
\$ OVER: \$ 1,253,032.40  
%OVER: 14.7%  
NO. BIDDERS: 2  
RECOMMENDATION: AWARD

**Board Action:** A motion to approve the above recommendation was made by Mr. Householder, seconded by Mr. Hileman and passed unanimously. Mr. Schorr recused himself from this Item.


### **CONSENT AGENDA**

**Board Action:** A motion to approve the Consent Agenda was made by Mr. Martin, seconded by Mr. Schorr and passed unanimously.

### **ADJOURN**

**Board Action:** A motion to adjourn was made by Mr. Householder, seconded by Mr. Hileman and passed unanimously.

The meeting adjourned at 10:45 p.m.

  
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Victor Mendez, Director  
Arizona Department of Transportation

  
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Dallas Gant, Chairman  
State Transportation Board

\*Denotes items approved in the consent agenda.